FISCAL NOTE

Bill #: HB0620 Title: Ensure payment of out-of-state owned

equipment taxes

Primary Sponsor: Maedje, R **Status:** As Introduced

Sponsor signature	Date	Chuck Swysgood, Budget Director Date		
Fiscal Summary		FY 2004 Difference	FY 2005 Difference	
Expenditures: General Fund		\$68,020	\$34,010	
Revenue: General Fund		\$0	\$0	
Net Impact on General Fund Balance:		(\$68,020)	(\$34,010)	
Significant Local Gov. Impact			l Concerns	
☐ Included in the Executive Budget		Significa	Significant Long-Term Impacts	
Dedicated Revenue Form Attached		Needs to	Needs to be included in HB 2	

Fiscal Analysis

ASSUMPTIONS:

Department of Revenue

Migratory Personal Property

- 1. This bill requires the owners of migratory personal property and/or vehicles that are subject to property tax under 15-24-301, MCA, or vehicle registration under 61-3-529, MCA, to affix a property tax paid decal on the personal property or vehicle. Upon payment of property tax as required by 15-24-301, MCA, or the fee in lieu of tax, the county treasurer issues a property tax paid decal and collects of fee of \$25 for each decal issued.
- 2. For the purposes of this fiscal note, it is assumed that there are 100 pieces of property tax that would be subject to the migratory property tax each year and would be required to obtain tax paid decals.
- 3. Section 1, subsection (7)(a) provides that a separate decal must be purchased for each county in which the motor vehicle or piece of property operates. Each piece of property in assumption # 2 will operate in three counties, on average.
- 4. The additional revenue on migratory personal property is \$7,500 (100 pieces x \$25 x 3 counties = \$7,500). This revenue would be deposited in the general fund of the county where the decals are issued.

Motor Vehicles

5. To estimate the number of motor vehicles covered by Section 1 subsection (2)(g), the DOR used an extract of the Department of Justice motor vehicle database.

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(continued)

- 6. For the purposes of this fiscal note it is estimated that 41,393 heavy trucks pay fees in lieu of tax under 61-3-529, MCA, and would be required to have county decals for all counties in which they operate. It is assumed that each of these vehicles will, on average, operate in three counties.
- 7. The additional revenue on motor vehicles subject to the fees in lieu of tax in 61-3-529, MCA, is \$3,104,475 (41,393 vehicles x \$25 x 3 counties = \$3,104,475). This revenue would be deposited in the general fund of the county where the decals are issued.

Administrative Impact

- 8. The DOR would be required to create 56 distinct decals, one for each county (see technical note 1). The annual cost to design and set up for each county's decal is \$4,760 (56 x \$85 = \$4,760).
- 9. For the purposes of this fiscal note it is assumed that the department will print 100 decals for migratory personal property in each county annually. This would require the department to print 5,600 (56 counties x 100 = 5,600) decals for migratory personal property.
- 10. It is projected the department would print five decals for each vehicle to cover the possibility that each motor vehicle would operate in more than one county. This would require 206,965 (41,393 x 5 = 206,965) decals to be printed for motor vehicles.
- 11. Based on a cost estimate from Publication and Graphics, the unit price to print each decal is 16ϕ .
- 12. The combined number of property decals the department would produce annually is 212,565.
- 13. It would cost the department \$34,010 (212,565 decals x \$.16 = \$34,010) to print these decals annually and, because the bill is effective October 1, 2003, the department will be required to produce decals twice in FY 2004, once for calendar year 2003 and once for calendar year 2004.

FISCAL IMPACT:

Dept. of Revenue Program 06	FY 2004 <u>Difference</u>	FY 2005 <u>Difference</u>	
Expenditures: Operating Expenses	\$68,020	\$34,010	
Funding of Expenditures: General Fund (01)	\$68,020	\$34,010	
Revenues: General Fund (01)	\$0	\$0	
Net Impact to Fund Balance (Revenue minus Funding of Expenditures): General Fund (01) (\$68,020) (\$34,010)			

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

County governments would see a \$3,104,475 annual increase in county general fund revenues starting in tax year 2004.

TECHNICAL NOTES:

- 1. The bill requires the DOR to provide the decals for the migratory personal property. It may be more appropriate for the Department of Justice to provide the decals for the motor vehicles covered by Section 1 subsection (2)(g), since they have the expertise in producing decals for motor vehicles.
- 2. The effective date of October 1, 2003, requires the DOR to produce decals twice in FY 2004.
- 3. It is unclear what the relationship is between Section 1 of this bill and the current law in 61-3-701, MCA or 61-3-702, MCA.